

Message Text

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ORIGIN EUR-12

INFO OCT-01 ISO-00 ERDA-05 OES-06 EB-07 MC-02 ACDA-07

COME-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 /086 R

DRAFTED BY EUR/CE:SMKLINGAMAN:RF

APPROVED BY EUR - MR. HARTMAN

ERDA/PROCUREMENT:WNEUSTAT (INFO)

DOD/ISA:CLLOYD (INFO)

DOD/USAF PROCUR:JAMUSHIAN (INFO)

DOD/DSAA:JMCNICHOLAS (INFO)

DOD/INL:AAHEARN (INFO)

L/PM:JMICHEL (INFO)

EUR - MR. VINE

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P 171945Z MAY 76

FM SECSTATE WASHDC

TO AMEMBASSY BERN PRIORITY

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E.O. 11652: N/A

TAGS: MASS, PFOR, SZ

SUBJECT: MOU AND ERDA/WESTINGHOUSE CONTRACT

REF: STATE 110509

1. AMBASSADOR PROBST CALLED ON ASSISTANT SECRETARY HARTMAN MAY 14 TO EMPHASIZE THE DOMESTIC POLITICAL IMPORTANCE IN SWITZERLAND AND TO GNAEGI PERSONALLY OF MAKING RAPID AND SUBSTANTIAL PROGRESS UNDER THE F-5E OFFSET AGREEMENT. PROBST LEFT AIDE MEMOIRE COVERING BASIC PROVISIONS OF MOU, THE EMPHASIS THE GOS PLACED ON IT WHEN IT PRESENTED THE LIMITED OFFICIAL USE

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F-5E SALE TO THE SWISS PARLIAMENT, AND THE DISAPPOINTMENT

IN SWITZERLAND OVER LOSS OF ERDA SUBCONTRACT. COPY POUCHED TO EMBASSY. PROBST EMPHASIZED THAT HIS PURPOSE WAS NOT TO ARGUE ABOUT THIS PARTICULAR ERDA SUBCONTRACT BUT RATHER TO EXPLAIN AT HIGH LEVEL IN STATE AND DOD THE MOU'S POLITICAL IMPLICATIONS IN SWITZERLAND.

2. HARTMAN EMPHASIZED THAT WE CONSIDER THE MOU A USG AGREEMENT, NOT JUST AN UNDERSTANDING BETWEEN BOTH DEFENSE DEPARTMENTS. HE SAID HE REGRETTED THAT STATE DEPARTMENT HAD NOT BEEN INFORMED OF ERDA CASE EARLIER BECAUSE DEPARTMENT COULD HAVE WRITTEN LETTER TO ERDA URGING IT TO WAIVE

BUY AMERICAN. DOD HAD MADE SUCH A RECOMMENDATION AND STATE DEPARTMENT COULD HAVE LENT SUPPORT, WHICH MIGHT HAVE BEEN HELPFUL EVEN THOUGH THE MOU DOES NOT OBLIGATE ERDA.

3. AMBASSADOR PROBST SAID HE NOW REALIZES THAT HE SHOULD HAVE ALERTED DEPARTMENT EARLIER AND WOULD DO SO IN THE FUTURE.

4. MR. HARTMAN SAID THAT HE HAD DISCUSSED THE MOU IMPLEMENTATION WITH ASSISTANT SECRETARY OF DEFENSE MCAULIFFE AND ASSURED PROBST THAT STATE WILL STAY IN CLOSE TOUCH WITH DOD AND SUPPORT DOD EFFORTS. HE ALSO NOTED THAT THE FEDERAL PROCUREMENT POLICY OFFICE IS FORMULATING GUIDELINES FOR ALL USG AGENCIES WHICH SHOULD BE HELPFUL IN ENCOURAGING GREATER COOPERATION WITHIN USG IN FULFILLING OFFSET AGREEMENTS.

5. PROBST WILL SEE MCAULIFFE ON MAY 18. PROBST SAID HE THINGS GNAEGI INTENDS TO DISCUSS SUBJECT WITH AMBASSADOR DAVIS.

6. PROBST EXPRESSED GREAT APPRECIATION FOR DEPARTMENT'S INTEREST AND SUPPORT. FOLLOWING THE MEETING HE COMMENTED TO DEPARTMENT OFFICER THAT HE WAS PLEASED AND RELIEVED. HE SAID THAT THE SWISS EMBASSY HAD HAD SOME DIFFICULTY IN SORTING OUT ACTION RESPONSIBILITIES BETWEEN ITS ECONOMIC SECTION AND ITS DEFENSE ATTACHES. ANOTHER LIMITED OFFICIAL USE

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PROBLEM WAS THAT BBC HAD NOT KEPT THE EMBASSY SUFFICIENTLY INFORMED. PROBST SAID HE TAKES OPTIMISTIC VIEW THAT LESSON LEARNED FROM ERDA CONTRACT WILL HAVE A LONG RUN POSITIVE EFFECT. KISSINGER

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